

ate steps to limit or restrain this power before the April 1 deadline.

#### RECOMMITTAL OF H.R. 2302 TO COMMITTEE ON GOVERNMENT OPERATIONS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to recommit to the Committee on Government Operations the bill H.R. 2303, to revise certain provisions relating to per diem and mileage expenses of Government employees and disabled veterans and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

#### PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON BILL MAKING FURTHER URGENT SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR ENDING JUNE 30, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on a bill making further urgent supplemental appropriations for the fiscal year ending June 30, 1975.

Mr. BAUMAN reserved all points of order.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### APPOINTMENT AS MEMBERS OF COMMITTEE ON HOUSE RECORDING STUDIO

The SPEAKER. Pursuant to the provisions of section 105(c), Public Law 624, 84th Congress, the Chair appoints as members of the Committee on the House Recording Studio the following Members on the part of the House: Mr. REES of California; Mr. ROSE of North Carolina, and Mr. CRANE of Illinois.

#### AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1975 FOR CERTAIN MARITIME PROGRAMS OF DEPARTMENT OF COMMERCE

Mrs. SULLIVAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3) to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce.

The Clerk read as follows:

H.R. 3

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That funds are hereby authorized to be appropriated without fiscal year limitation as the Appropriation Act may provide for the use of the Department of Commerce, for the fiscal year 1975, as follows:

(a) acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, \$275,000,000;

(b) payment of obligations incurred for ship operating-differential subsidy, \$242,800,000;

(c) expenses necessary for research and development activities, \$27,900,000;

(d) reserve fleet expenses, \$3,742,000;

(e) maritime training at the Merchant Marine Academy at Kings Point, New York, \$10,518,000; and

(f) financial assistance to State Marine Schools, \$2,973,000.

Sec. 2. In addition to the amounts authorized by section 1 of this Act, there are authorized to be appropriated for fiscal year 1975 such additional supplemental amounts for the activities for which appropriations are authorized under section 1 of this Act as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

Sec. 3. Section 809 of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1213), is amended (a) by inserting "(a)" immediately before "Contracts" in the first sentence thereof; and (b) by adding at the end thereof the following new subsection:

"(b) There shall be established and maintained within the Maritime Administration such regional offices as may be necessary, including, but not limited to, one such office for each of the four port ranges specified in subsection (a) of this section. The Secretary of Commerce shall appoint a qualified individual to be the Director of each such regional office and shall carry out appropriate functions, activities, and programs of the Maritime Administration through such regional offices."

The SPEAKER. Is a second demanded.

Mr. MOSHER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mrs. SULLIVAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to urge passage of H.R. 3, which is identical to H.R. 13296, vetoed by the President on January 4, 1975, with the exception of the nongermane amendment that had been added on by the Senate and to which the President directed his veto. H.R. 13296 originally passed the House on June 4, 1974.

Section 1 of the bill would authorize appropriations for fiscal year 1975 for certain maritime programs of the Department of Commerce, in the total amount of \$562.9 million—to be appropriated as follows:

Construction subsidy, \$275 million;

Operating subsidy, \$242,800,000;

Research and development, \$27,900,000;

National Defense Reserve Fleet, \$3,742,000;

Federal Merchant Marine Academy, \$10,518,000; and

State marine schools, \$2,973,000.

Section 2 of the bill is a technical amendment to avoid having to amend the fiscal year 1975 authorization request if supplemental appropriations for fiscal

year 1975 are required for the remuneration of Maritime Administration employees at the National Defense Reserve Fleet and the Federal Merchant Marine Academy. An identical provision was in the authorization act for fiscal year 1974.

When we enacted the Merchant Marine Act of 1970, the Congress gave specific recognition to the Great Lakes as the fourth major seacoast of the United States. While maintaining a regional office for the Atlantic, Gulf, and Pacific coasts, the Maritime Administration has yet to establish such an office for the Great Lakes. Section 3 of the bill would require that this be done promptly.

Mr. Speaker, the proposed legislation set forth in H.R. 3 passed both the House of Representatives and the Senate in the last Congress as H.R. 13296, and would have been enacted but for an unacceptable Senate amendment. H.R. 3 is identical to H.R. 13296, 93d Congress, as it passed the House of Representatives, except that it does not contain the Senate amendment found objectionable by the administration.

The bill was reported unanimously by the Merchant Marine and Fisheries Committee after full and careful consideration of the entire record, and I am unaware of any opposition to it. I strongly urge the House to support this very important legislation so that the new maritime program provided by the Merchant Marine Act of 1970 can continue to be implemented as directed by the Congress.

Mr. MOSHER. Mr. Speaker, I yield myself such time as I may consume.

(Mr. MOSHER asked and was given permission to revise and extend his remarks.)

Mr. MOSHER. Mr. Speaker, the distinguished chairman of the Merchant Marine Committee (Mrs. SULLIVAN) has carefully described the provisions of H.R. 3, authorizing appropriations for the Maritime Administration for fiscal year 1975. I believe it is necessary to state only that this authorization bill reflects the continuing commitment of the administration and the Congress to the goals of the Merchant Marine Act of 1970.

The principal thrust of the 1970 act was toward the creation of a bulk carrier capability under the U.S.-flag. The legislation we are now considering provides the seed money, if you will, to insure the construction of vessels which will give the United States a minimal degree of independence in the carriage of our bulk imports and exports. At the subsidy rates prevailing in fiscal year 1975 of from 16½ to 37 percent, the construction funds authorized in this legislation will support almost a billion dollars worth of ship construction in U.S. yards, and many thousands of man-hours of employment not only in the shipyards themselves but in the steel industry and all related industries that contribute to the building of a ship.

The operating subsidies authorized in this legislation will provide a minimum of support for liner companies operating on essential trade routes and bulk carriers in various worldwide services. While great strides have been made with respect to the construction of technolog-

ically advanced liner vessels, such as container and barge-carrying ships. The liner companies of the U.S. merchant marine are beset by a number of competitive problems which have seriously undermined their financial stability. The technological revolution which swept the liner trades in the 1960's made this a capital-intensive industry. The liner industry is no longer in truth a shipping industry but has become an integrated land-sea transportation industry, where terminal facilities, containers, and trucks are as important elements in the business as the ships themselves. The purchase of modern container and LASH ships has seriously strained the resources of our liner companies. A number of them have become subsidiaries of major conglomerate organizations in order to secure the great amounts of money required to pay for the ships, containers and other facilities essential to a modern liner service.

While the technological revolution in shipping began in the United States, it quickly expanded to Europe and Japan and the major shipping nations of the world have now fully equalized whatever competitive edge the U.S. merchant marine may have enjoyed during the late 1960's. Both the North Atlantic and the transpacific trades, our principal trade routes, are heavily overtonnaged and will remain so for years to come under current projections of trade growth. In this highly competitive international environment, the American carrier with a substantially higher cost structure is at a distinct disadvantage. Subsidy is a mixed blessing. It imposes rigidity, and in return for money to meet the higher U.S. costs, the carrier must forego the flexibility which its foreign competitor enjoys. At the same time, the U.S. system of shipping regulation imposes constraints upon U.S.-flag carriers of which the foreign competition is largely free.

This year under the auspices of the United Nations a so-called Code of Conduct for Liner Conferences has been promulgated and is open for ratification. During the negotiations over this Code in Geneva, the U.S. delegation sought international approval of our system of open steamship conferences and free competition for trade. These concepts, which we have adhered to in the U.S. foreign trade since enactment of the Shipping Act of 1916, were resoundingly defeated by the international community during the Code of Conference Practice deliberations. Apparently, what the rest of the world wants is free open competition in the U.S. foreign trade and closed cartels in all other trades. The effect of this is that the Japanese and European carriers, and now most recently the Russians, are able to come into the U.S. trades at will and skim off the most lucrative cargo while effectively denying to U.S. carriers any opportunity to engage in foreign-to-foreign trades.

Understandably, the Maritime Administration has concentrated attention on the tanker shipbuilding program during the past 4 years. It is time, however, to take a serious look at the problems that beset our liner industry. Responsibility for this is divided between

the Federal Maritime Commission, which administers our regulatory statutes, the Maritime Administration, Justice Department, and the State Department. Unfortunately, none of these agencies has exercised any leadership in tackling the problems of our liner industry. The time is growing short, and I urge these agencies to undertake a thorough review of our promotional and regulatory policies with respect to liner shipping with a view toward developing a system of shipping subsidy that will not place our carriers in a straitjacket, and a system of regulation which will recognize the realities of international trade in this decade. Undoubtedly, such a review, to be meaningful, must involve fundamental statutory changes. I know that the Committee on Merchant Marine and Fisheries is prepared to consider seriously the highly discriminatory climate in which the U.S. liner fleet must operate today. We are, however, a legislative body, and the administrative agencies which have the basic expertise in this field must come forward and present at least the broad outlines of a program which will permit the U.S. liner fleet to compete effectively with those of other nations with whom we trade.

In addition to providing the routine authorization of funds for the maritime programs for the Commerce Department, this legislation directs the Secretary of Commerce to establish and maintain regional offices of the Maritime Administration to serve each of our four seacoasts. For many years, the Maritime Administration has maintained large regional offices in New York, New Orleans, and San Francisco to facilitate contact between the shipping industry and the Government. These offices are staffed with personnel who are familiar with the varying problems of shipowners and our exporters utilizing the ports on these ocean seacoasts.

The Merchant Marine Act of 1970 established the Great Lakes as our fourth seacoast and directed that the programs of the Maritime Administration be administered so as to promote the interests of all our seacoasts, including the Great Lakes. Unfortunately, a statutory declaration of equality has not proven sufficient and for the 5-year period since enactment of the Merchant Marine Act of 1970, we have had to struggle against bureaucratic indifference, if not outright opposition, to our efforts to improve shipping service in the Great Lakes.

In response to considerable interest expressed by many of us in the Congress, the Maritime Administration late last year did announce that it would establish a Great Lakes regional office. In view, however, of the great reluctance exhibited in the past to come to grips with Great Lakes shipping problems, we felt that we could not afford to leave this matter to the discretion of the Secretary. Therefore, this legislation mandates the establishment of a Great Lakes regional office under a qualified director, and the various functions of the Maritime Administration that bear upon Great Lakes problems will be handled through this office.

It is noteworthy that within the past

few weeks an application for subsidy to establish a U.S.-flag Great Lakes liner service has been received by the Maritime Administration. We will be watching the progress of this application filed by Prairie Shipping, Inc., of Chicago, with great interest. Great Lakes ports, labor and management interests, have expressed a strong support for direct U.S.-flag service from lake ports. It is hoped that through the enactment of H.R. 3, the Maritime Administration will come to realize how serious the Congress feels about our fourth seacoast.

Mr. DOWNING. Mr. Speaker, I rise to urge passage of H.R. 3. Sections 1 and 2 of the bill would authorize appropriations for fiscal year 1975 for certain maritime programs of the Department of Commerce, and I would like to comment briefly on them.

The first element of the authorization request is for construction subsidy. As you know, construction subsidy is based on the difference between United States and foreign shipbuilding costs, and paid to U.S. shipyards so that our vessels can compete in international trade. The construction subsidy request of \$275 million will permit the Maritime Administration to contract for nine ships in fiscal year 1975, as part of the new maritime program provided by the Merchant Marine Act of 1970. These contracts will come within the declining construction subsidy rates provided by that act. The Merchant Marine Act of 1970 generally provides for the reduction of subsidy from 45 percent in 1971, until 35 percent is reached in 1976. In 1975, the construction subsidy rate will decline from 39 to 37 percent.

The next element in the authorization request is for operating subsidy that is generally based on the difference between United States and comparable foreign operating costs, and paid so that U.S.-flag operators can provide essential shipping services. The authorization request of \$242,800,000 for this activity in fiscal year 1975 would be used for the operation of U.S.-flag passenger, cargo, and bulk vessels in our foreign commerce.

I am pleased to be able to inform the House that not all U.S.-flag vessels require operating subsidy. A number of capital intensive vessels, such as container ships, are operated without subsidy in our foreign trade by operators such as Sea-Land. More significantly, 19 vessels that were formerly operated under subsidy by United States Lines and American Export Lines, now compete in our foreign trade without such Government assistance.

The research and development authorization request of \$27,900,000 would be used by the Maritime Administration to increase the productivity of the American shipping and shipbuilding industries in order to improve the competitive position of the U.S.-flag merchant marine. Priority will be given projects with near-term benefits. Industry participation and cost sharing will be expended. With the skyrocketing cost of fuel oil, I am pleased to note that the largest single element of the research and development program concerns the development of competitive nuclear ships.

The authorization request of \$3,742,000